

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1497-05
Bill No.: SCS for HB 598
Subject: Revenue Dept.; Licenses-Motor Vehicle; Disabilities; Motor Vehicles
Type: Original
Date: May 5, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Highway Fund	\$23,140	*\$394,789	\$272,140
Organ Donor Fund	\$2,000	\$2,500	\$2,500
Antiterrorism Fund	\$2,000	\$2,500	\$2,500
Air Pollution	\$0	(\$33,000)	\$0
Children's Trust	(\$1,480)	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$25,660	\$366,789	\$277,140

* Includes a revenue shift

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 15 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Various	\$0	(\$19,800,000)	(\$19,800,000)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	(\$19,800,000)	(\$19,800,000)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$47,692	\$135,794	\$57,228

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Public Safety** and **Office of State Courts Administrator** assume this proposal would have no fiscal impact on their agencies.

41.033

This section could create the ‘Antiterrorism Fund.’

Officials with the **Department of Health and Senior Services (DHSS)** assume this section could require their agency to transfer approximately \$29,800,000 dollars in FY 04 from two Federal grants they currently receive. The CDC grant, Public Health Preparedness and Response for Bioterrorism", is a \$17,400,000 grant and the HRSA grant, Hospital Bioterrorism Preparedness, will be approximately a \$2,400,000 grant. DHSS further assumes there would be a savings from the transfer of duties for the Center for Emergency Response and Terrorism-CERT.

With information from DHSS, **Oversight** assumes the monies awarded from federal grants for FY 04 would be used by Homeland Security to administer the current CERT program. Oversight further assumes that the Federal monies would not be available in FY 05 and FY 06 due to the guidelines for the fund applications.

ASSUMPTION (continued)

Oversight notes that **Homeland Security** could see additional funding from this source.

Officials with the **State Treasurer's Office (STO)** assume they could require 1 FTE at the accounting analyst 1 level with the corresponding expense and equipment to monitor the disbursement activity of the fund to ensure they are in accordance with section 41.033.2 RSMo. Oversight assumes STO could monitor the activity of the fund with current personnel.

FY 04 - Income and Cost

Federal funds transferred for use by Homeland Security	\$29,363,866
Federal funds removed from DHSS budget	(\$29,363,866)
Savings to the DHSS budget for CERT	\$29,363,866
Cost of CERT program to Homeland Security	(\$29,363,866)

FY 05 and 06 -Income and Cost

Loss of Federal funds from grants intended for DHSS purposes	(\$19,800,000)
Savings to Homeland Security for cost of CERT program	\$29,363,866

301.141, 301.142 and 304.601

This section of the proposal has provisions for handicap placards and biennial registration.

Officials with **Department of Revenue (DOR)** assume this section includes:

- Any physician or health care practitioner who gives a statement to a person who does not meet one of the statutory conditions, if no condition is given or who signs for a condition that is outside the scope of their license is guilty of a class A misdemeanor.

- Fraudulent procurement or use of disabled person plate or placard is a class A misdemeanor.

- Any physician or other health care practitioner who issues a certificate to enable someone to receive a disabled plate or placard out side the scope of such health care provider's license is guilty of a class A misdemeanor.

- Creates a definition of "Other authorized health care practitioner", includes only chiropractors licensed pursuant to chapter 331, RSMo, podiatrists licensed pursuant to chapter 330, RSMo, and optometrists licensed pursuant to chapter 336, RSMo;

- Certificate of disability must be signed by physician or other authorized health care practitioner.

- A physician or other health care practitioner who issues a certificate to enable someone

to receive a disabled plate or placard must maintain documentation of issuing certificate.

ASSUMPTION (continued)

- Allows the Department of Revenue to issue not more than two disabled placards, for good cause shown, as set by rule.

- Indicates that placards are to be used in vehicles that do not bear the handicap symbol on the license plate. Placard must not be hung from the mirror during operation.

- Disabled placards will be issued for a two-year period of time. Allows the director to stagger the expiration dates of disabled placards.

- Requires the placard to only be renewable by the person or entity to which the placard was originally issued and it is not transferable.

- Requires the director to issue a registration certificate.

- Requires the director to provide information explaining disabled plates/placards and the penalties for mis-use.

- Beginning July 1, 2004, requires a current physician's statement issued within ninety (90) days to issue or renew disabled plates or placards. Thereafter every new applicant is required to present a new physician's statement.

- Requires the director to retain all physicians' statements and all other documents received in connection with a person's application for disabled license plates and disabled windshield placards.

- Requires the director to cancel disabled plates and placards if an applicant fails to furnish the new physician's statement.

- Makes the failure to return disabled plates or placards upon death of the person who has disabled plates or placards by the decedent's representative or other person who may come into or otherwise take possession of the plates a class A misdemeanor

Officials with DOR assume there could be cost in FY 05 to microfilm 438,213 transactions. Additionally in FY06, DOR estimates there will be approximately 122,181 new transactions that would require physician's statements and any accompanying documents to be microfilmed. Additional cost could also be incurred for procedure changes, envelopes and postage to ensure the field is adequately notified of the proposed changes.

DOR could require programming modifications to the General Registration System, renewal pulls, disabled placards system, and the Uniformed Field Office System (UFOS). ITB estimates they could incur costs in the amount of \$13,480 for FY05 to complete the modifications for the requirement physician statements every four years. In addition, the State Data Center has indicated that to store this data it could require approximate \$1,000 annually.

In addition, this section could see a revenue shift for the biennial registration for placards and a

cost savings for mailings in FY 06.

ASSUMPTION (continued)

FY 04

Procedural Changes	(\$530)
Programming for physician statements	(\$13,480)
Storage	<u>(\$1,000)</u>
Total	(\$15,010)

FY 05

Overtime hours for microfilming	(\$11,925)
Biennial Registration (revenue shift)	\$314,266
Storage	<u>(\$1,000)</u>
Total	\$301,341

FY 06

Overtime for microfilming	(\$3,320)
Savings for mailings of annual placards	\$105,279
Storage	<u>(\$1,000)</u>
Total	\$100,959

Sections 301.130, 301.134, 301.144, 301.456, 301.3106, 301.3122, 301.3098, 301.3130, 301.3139, 301.3140, 301.3141, 301.3144, 301.3123, 301.3124, 301.3125, 301.3126, 301.3128, 301.3129, 301.3132, 301.3137, 301.3999

These sections have provisions for special license plates, special funds and additional weight registrations.

Officials with DOR assume the provisions of these sections create seventeen new license plate types to be known as Missouri State Society Daughters of the American Revolution, Former Missouri Legislator, Friends of Kids with Cancer, Fight Terrorism, Special Olympics Missouri, Be An Organ Donor, Missouri Foxtrotting Horse Breed Association, Concerns of Police Survivors, Firefighters Memorial, Missouri Association of State Troopers Emergency Relief Society, Missouri Society of Professional Engineers, Alpha Phi Omega, Boy Scouts, Girl Scouts, Girl Scouts Gold Medallion Award, Camp Quality of Missouri and U.S. Vet. This proposal also creates new categories in the existing specialty plates by increasing the weight limit to 18,000 pounds (including silver star) and requires Amateur Radio to in the place of SHOW-ME STATE.

ASSUMPTION (continued)

DOR assumes revenue could be generated from the \$15 annual special plate fee. DOR could incur cost for 566 hours of overtime, forms, procedures, postage and plates/tabs. Their agency could also require 180 hours of overtime programming to modify the special plate reservation program, the renewal pull program for fees and the Uniform Field Office System (UFOS). Programming overtime costs are estimated to be \$4,221. In addition, the State Data Center will require \$500 storage costs annually for these plate records.

Officials with the **Department of Health and Senior Services (DHSS)** assume this proposal could have a modest positive effect on the Organ Donor Fund due to contributions by persons with the Organ Donor special plate. DHSS assumes the potential funds deposited into the Organ Donor Fund would be \$2,500-\$6,250 annually. For fiscal note purposes, **Oversight** will use the estimates provided by DOR for the Organ Donor and Antiterrorism Fund.

Officials with the **State Treasurer's Office (STO)** assume this section of the proposal could create an Organ Donor Fund to be administered by their agency. STO assumes they could need an additional Accountant II to administer the Fund. **Oversight** assumes that STO could absorb the cost of this proposal with existing resources.

FY 04 (Ten months) Income and Cost

License Plate Fees (5,897*\$15)	\$88,455
Overtime salaries (566 hours)	(\$8,774)
Procedures, Forms (including plate designs)	(\$6,506)
Postage	(\$45,791)
Plates and Tabs	(\$44,154)
Organ Donor Contributions	\$2,000
Anti Terrorism Contributions	\$2,000
Programming	(\$4,221)
Storage	<u>(\$500)</u>
Total	(\$17,491)

FY 05 and FY 06 Income

License Plate Fees (7,076*\$15)	\$106,140
Organ Donor Contribution	\$2,500
Anti Terrorism Fund Contribution	\$2,500

Storage	<u>(\$500)</u>
Total	\$110,640

ASSUMPTION (continued)

Section 301.463

This section of the proposal has provisions for the Children's Trust Fund.

Officials with DOR assume this section could allow their agency to collect a logo use fee for the Children's Trust Fund special plate. This section requires the director of revenue to issue sample Children's Trust Fund license plates to all license offices for prominent display along with literature prepared by the director or the children's trust fund describing the purpose of the children's trust fund. DOR further assumes this section allows the general assembly to appropriate moneys annually from the children's trust fund to the DOR to offset costs reasonable incurred by the director of revenue.

FY 04 (10 months)

Sample Plates (\$8*185)	(\$1,480)
Fund appropriations	\$1,480
Literature provided by Children's Trust Fund Board.	

Section 301.132

This section of the proposal has provisions for Street Rods and creates a Custom vehicle.

Officials with DOR assume this section of the proposal could change the definition of Street Rod. There are approximately 163,696 motor vehicles currently on the General Registration System (GRS) with a model year of 1949 through 1978 that would qualify as custom vehicle. DOR cannot determine the number of owners that would apply as a custom vehicle. However, 5% (8,185) were used for estimation purposes.

DOR-ITB could incur programming cost to make modifications to the General Registration System (GRS) and all associated systems, including the Missouri Transportation Accounting System. Programming costs for these systems are estimated at \$7,924. In addition, the State Data Center has indicated that this proposal could require approximately \$500 annually for computer storage costs associated with these changes.

ASSUMPTION (continued)

FY 04 Ten Months

6,821 Custom vehicle registrations and \$15 annual fee	\$102,315
Programming cost	(\$7,924)
Storage	<u>(\$500)</u>
Total	\$93,891

FY 05 and 06

8,185 Custom vehicle registrations and \$15 annual fee	\$122,775
Storage	<u>(\$500)</u>
Total	\$122,275

307.366 and 643.315

This section has provisions for emissions and biennial testing in Franklin County.

Officials with **Department of Transportation (MoDOT)** assume these sections prohibit failure of emissions testing unless vehicles fail both OBD and tailpipe testing. Federal law requires Missouri to implement OBD as part of the Inspection and Maintenance (IM) program. Thus, this amendment will make Missouri's IM program ineligible under the Clean Air Act and unless Missouri comes up with a comparable clean air measure the Environmental Protection Agency (EPA) or go out of compliance. This noncompliance would result in a loss of federal highway construction funds. Since this is a legislative enactment and not a regional decision, EPA would likely sanction all of Missouri's federal highway construction funds (\$730,000,000), not just federal highway construction funds for the St. Louis region.

Officials with **Department of Natural Resources (DNR)** assume the Federal I/M regulations for OBD emissions testing contained in 40 CFR 51.357 (b)(4) state "Vehicles shall fail the on-board diagnostic test if they fail to meet the requirements of 40 CFR 85.2207, at a minimum. Failure of the on-board diagnostic test need not result in failure of the vehicle inspection/maintenance test until January 1, 2002." Federal regulations also state in 40 CFR 51.373 (g) that "On-Board Diagnostic checks shall be implemented in all basic, low enhanced and high enhanced areas as part of the I/M program by January 1, 2002." Federal regulations for On-Board Diagnostic

checks contained in 40 CFR 85.2207 require the failure and repair of vehicles that fail the OBD check independent of a tailpipe emission test result.

ASSUMPTION (continued)

If the EPA does find the State in violation of the State Implementation Plan, the EPA could require more stringent air pollution standards for the St. Louis non-attainment area because the OBD requirements of the proposed legislation violate the federal OBD requirements. The most likely impact would be more stringent air quality standards applied to would be industry. This could discourage economic development within the St. Louis ozone non-attainment area.

This proposal could place the department in violation of mandatory federal EPA regulations and likely could result in the EPA finding the State in violation of the EPA approved State Implementation Plan (SIP) for the St. Louis ozone non-attainment area.

Oversight assumes the loss of federal funding is speculative in nature and no direct fiscal impact was noted. However, should any future ramifications appear pending from the EPA then **Oversight** assumes steps would be made to remedy the situation to ensure compliance.

Officials with DNR assume this section also changes the basic vehicle inspection and maintenance (I/M) testing program in Franklin County from an annual requirement to a biennial requirement. The motorist test fee would be increased from \$10.50 annually to \$24.00 biennially. The state's portion of the test fee \$0.75 remains unchanged, but since testing is changed to biennial from annual, state revenue could decrease.

Officials with DOR assume this section could have savings for mailing the annual tabs to 3,300 Franklin County residents who complete a one-year emission. They could also incur cost for programming the MORE system for Franklin County and policy and procedure changes.

FY 04

3,300 annual tabs*\$.26	\$858
Overtime programming	(\$3,764)
Procedure changes	<u>(\$529)</u>
Total	\$3,435

FY 05

Loss of annual fee from 44,000 vehicles *\$0.75	(\$33,000)
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To implement sections of this legislation, DOR could require additional funds. In the past, the programs included in this legislation have been paid for with highway funds. This year, however, highway funds may not be available for this purpose as a result of legislation enacted by the General Assembly in 2000 that limits the use of highway funds.

ASSUMPTION (continued)

If highway funds are not available, then another source of funding must be identified to pay for the cost of implementing this legislation.

Officials from the **Secretary of State (SOS)** assume the DOR could promulgate rules to implement this bill. These rules would be published in both the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Revenue could require as many as 36 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because of cost statements, fiscal notes and the like are not published in the Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23.00 and the estimated cost of a page in the Code of State Regulations is \$27.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn. The SOS estimates the cost of this legislation to be \$2,214.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years

This proposal could increase state revenue through additional special plate fees and contributions.

This proposal could also decrease state revenues through decreased eligibility for federal funds and a decrease in emission fees in Franklin County.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
FEDERAL FUNDS			
<u>Income (Loss)-Department of Health</u>			
Federal Grant Monies for Security	(\$29,363,866)	\$0	\$0
<u>Cost Savings-Department of Health</u>			
CERT Program	\$29,363,866	\$29,363,866	\$29,363,866
<u>Income (Loss)-Homeland Security</u>			
Federal Grant Monies for Security	\$29,363,866	(\$19,800,000)	(\$19,800,000)
<u>Cost-Homeland Security</u>			
Cost of CERT program	<u>(\$29,363,866)</u>	<u>(\$29,363,866)</u>	<u>(\$29,363,866)</u>
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>(\$19,800,000)</u>	<u>(\$19,800,000)</u>
HIGHWAY FUND			
<u>Income (Loss) Department of Revenue</u>			
Biennial Registration income shift for disabled placards	\$0	\$235,670	\$0
Special Plate fees for new special license plates	\$66,341	\$79,605	\$79,605
Reimbursement for Sample Plates	\$1,480	\$0	\$0
Street Rod Vehicle Plate Fee	<u>\$76,736</u>	<u>\$92,081</u>	<u>\$92,081</u>
<u>Total Income (Loss)-DOR</u>	<u>\$144,557</u>	<u>\$407,356</u>	<u>\$171,681</u>
<u>Savings- Department of Revenue</u>			
Mailing of annual registrations for disabled placards	\$0	\$0	\$105,279

Mailing of annual tags to biennial emissions	<u>\$0</u>	<u>\$858</u>	<u>\$0</u>
<u>Total Savings -DOR</u>	<u>\$0</u>	<u>\$858</u>	<u>\$105,279</u>

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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Cost- Department of Revenue

Overtime Salaries for microfilming of handicap physician statements	\$0	(\$11,925)	(\$3,320)
Procedures and Forms for registration of handicap placards	(\$530)	\$0	\$0
Postage for special plates	(\$45,791)	\$0	\$0
Forms for special plates	(\$6,506)	\$0	\$0
Plates and Tabs for special plates	(\$44,145)	\$0	\$0
Sample plates for Children's Trust	(\$1,480)	\$0	\$0
Programming Salaries	(\$21,465)	\$0	\$0
Storage at state Data Center	(\$1,500)	(\$1,500)	(\$1,500)
Procedure Changes for Biennial emissions in Franklin County	(\$529)	\$0	\$0
<u>Total Cost- DOR</u>	<u>(\$121,417)</u>	<u>(\$13,425)</u>	<u>(\$4,820)</u>

ESTIMATED NET EFFECT ON HIGHWAY FUND	<u>\$23,140</u>	<u>\$394,789</u>	<u>\$272,140</u>
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ORGAN DONOR FUND

Income-Department of Health

Contribution for Be An Organ Donor special plate	<u>\$2,000</u>	<u>\$2,500</u>	<u>\$2,500</u>
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NET ESTIMATED EFFECT ON ORGAN DONOR FUND	<u>\$2,000</u>	<u>\$2,500</u>	<u>\$2,500</u>
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ANTI TERRORISM FUND

Income-Homeland Security

Contribution for Fight Terrorism special plate	<u>\$2,000</u>	<u>\$2,500</u>	<u>\$2,500</u>
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**NET ESTIMATED EFFECT ON THE
ANTI TERRORISM FUND**

<u>\$2,000</u>	<u>\$2,500</u>	<u>\$2,500</u>
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FISCAL IMPACT - State Government

FY 2004 (10 Mo.)	FY 2005	FY 2006
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CHILDREN'S TRUST FUND

Cost

Reimbursement to DOR	<u>(\$1,480)</u>	<u>\$0</u>	<u>\$0</u>
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**NET ESTIMATED EFFECT ON
CHILDREN'S TRUST FUND**

<u>(\$1,480)</u>	<u>\$0</u>	<u>\$0</u>
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**MISSOURI AIR POLLUTION
CONTROL FUND**

Income (Loss)-DNR

Emissions testing inspection fee	<u>\$0</u>	<u>(\$33,000)</u>	<u>\$0</u>
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**NET ESTIMATED EFFECT ON AIR
POLLUTION FUND**

<u>\$0</u>	<u>(\$33,000)</u>	<u>\$0</u>
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FISCAL IMPACT - Local Government

FY 2004 (10 Mo.)	FY 2005	FY 2006
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LOCAL FUNDS

Income (Loss)-Cities

Biennial Registration Income shift for Disabled placards	\$0	\$47,140	\$0
Special Plate fees	\$13,268	\$15,921	\$15,921
Street Rod Plate fees	<u>\$15,347</u>	<u>\$18,416</u>	<u>\$18,416</u>
<u>Total Income- Cities</u>	<u>\$28,615</u>	<u>\$81,477</u>	<u>\$34,337</u>

Income (Loss)-Counties

Biennial Registration Income Shift	\$0	\$31,426	\$0
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Special Plate Fees	\$8,846	\$10,614	\$10,614
Street Rod Plate fees	<u>\$10,231</u>	<u>\$12,277</u>	<u>\$12,277</u>
<u>Total Income (Loss)-Counties</u>	<u>\$19,077</u>	<u>\$54,317</u>	<u>\$22,891</u>
NET ESTIMATED EFFECT ON LOCAL FUNDS	<u>\$47,692</u>	<u>\$135,794</u>	<u>\$57,228</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal revises the disabled license plate law, creates numerous special license plates, creates a new state fund and revises some emissions requirements including allowing for the biennial testing in Franklin county.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Transportation
Department of Public Safety
Department of Health and Senior Services
Office of State Courts Administrator
Department of Natural Resources

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
May 5, 2003